

GOVERNMENT OF TELANGANA

A B S T R A C T

RWS&S- Telangana Drinking Water Supply Project (Mission Bhagiratha) - Borrowing of Term.III loan of Rs.85.00 crores from Dena Bank as its share in the Andhra Bank consortium of Nationalized Commercial Banks for implementation of Intra Village System works of six segments in Karimnagar, Adilabad and Warangal erstwhile Districts Mission Bhagiratha with an estimated Project Cost of Rs.1510.38 Crores - Permission – Accorded - Orders- Issued.

PANCHAYAT RAJ AND RURAL DEVELOPMENT (RWS-IV) DEPARTMENT

G.O.Rt.No. 630

Dated: 09-10-2017

Read the following:-

1. G.O.Ms.No.17, PR&RD (RWS) Dept., dt.30.1.2015 & G.O.Ms.No.43, PR&RD (RWS.IV) Dept., Dt.15.5.2015.
2. From Dena Bank, Bank Street, Koti, Hyderabad, No.DB/BS/TDWSCL-TLIII/2017, dt.1.9.2017.
3. From the ENC, RWS&S, Hyd, Lr.No. A2/TDWSP/Dena Bank/2017-18, Dt: 14.09.2017.

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ORDER:-

In G.O. 1st read above, orders have been issued constituting the Telangana Drinking Water Supply Corporation Limited (TDWSCL) to execute and maintain the Telangana Drinking Water Supply Project (Mission Bhagiratha).

2. In the reference 3rd read above, the Engineer-in-Chief, Rural Water Supply & Sanitation, Hyderabad has stated during the Andhra Bank Consortium meeting held on 03.07.2017 all the members banks in the consortium have agreed to sanction their part fund with the terms and conditions of Andhra Bank (Lead Bank).

3. The Engineer-in-Chief has submitted the proposal to the Dena Bank for sanction term loan for implementation of Intra Village System works to six segments in erstwhile Karimnagar, Adilabad and Warangal Districts. The Dena Bank, Hyderabad vide ref 2nd read above has forwarded the loan sanction letter for term-III Loan for an amount of Rs.85.00 cores as its share out of the total debt requirement of Rs.1208.00 crores in the consortium along with terms and conditions of Andhra Bank led consortium for acceptance by the competent authority. As such the ENC, RWS&S, Hyderabad has requested the Govt., to provide concurrence/approval for the terms and conditions of loan sanctioned for the above segment and to issue necessary orders on the required documents to be provided by the Govt., in order to execute the loan agreement with Andhra Bank.

4. Government after careful consideration of the matter, hereby accord permission to the Managing Director, Telangana Drinking Water Supply Corporation Limited to borrow the loan amount of Rs.85.00 Crores (Rupees Eighty Five crores only) from Dena Bank as its share out of the total debt requirement of Rs.1208.00 crores against the Andhra Bank consortium for implementation Intra Village System works of six segments in erstwhile Karimnagar, Adilabad and Warangal Districts under Mission Bhagiratha with total estimated project cost of Rs.1510.38 crores (including Interest during construction), as per terms and conditions of Andhra Bank led consortium with finer rate of interest at 10.00% fixed Linked to 1Year MCLR of Andhra Bank (ie., 8.65%) + 1.35% = 10.00% p.a. subject to the condition that Rate of Interest at any time shall not be lower than the Andhra Bank MCLR. Government of Telangana will stand guarantee for repayment of loan taken from Dena Bank covering principal and interest; and provide state margin money (20% of the project cost) of Rs.21.25 Crores (Rupees Twenty One crores and Twenty Five lakhs only) through budgetary support. The terms and Conditions as approved by the Government are appended as Annexure to this order.

(PTO)

5. The guarantee commission shall be paid at the rate of 2% consolidated for the entire guarantee period to State Government and the same shall be charged to the project cost from the savings available (if any) or project cost to be revised duly considering the guarantee commission. The TDWSCL shall remit the amount to Government to the following Head of Account: "0070 Other Administrative Services – 60. Other Services – MH 800. Other Receipts – SH 08 Commission for guarantee given by Government".
6. The Managing Director, Telangana Drinking Water Supply Corporation shall take necessary action in the matter accordingly.
7. This order is issued with the concurrence of the Finance (DCM) Department vide their U.O.No.11543/157/A1/2017, Dated: 26.9.2017.
8. This order is available on the internet and can be accessed at the address <http://www.goir.Telangana.gov.in>.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF TELANGANA)

**S.P. SINGH
CHIEF SECRETARY TO GOVERNMENT &
SPECIAL CHIEF SECRETARY TO GOVERNMENT (RWS)(FAC)**

To
The Managing Director,
Telangana Drinking Water Supply Corporation Ltd, Hyderabad.
The Director of Treasuries and Accounts, Telangana State, Hyderabad.
The Accountant General, Telangana State, Hyderabad.

Copy to:

The PS to Secretary to Hon'ble Chief Minister
The PS to C.S & Special Chief Secretary, (RWS) (FAC)
The Finance (DCM) Department.
The Engineer-in-Chief, RWS&S, Hyderabad.
The Dena Bank **through** ENC, RWS&S, Hyderabad
The Andhra Bank **through** ENC, RWS&S, Hyd.
The Advisor to Govt., RWS&S Dept.
SF/SC

//FORWARDED::BY ORDER//

SECTION OFFICER

(Contd. To ANNEXURE)

The terms and conditions approved by the Government:-

Annexure – I

Facility	Term Loan-III (New)						
Limit	Rs. 85.00 Crs (Rupees Eighty Five Crores Only) out of the total debt of Rs. 1208.00 Crs towards funding Intra Village Distribution System works of 6 segments of Mission Bhagiratha.						
Purpose	For the purpose of part financing the Project Cost of Rs.1510.38 Crs. towards funding Intra Village Distribution System works of 6 segments of Mission Bhagiratha.						
	S No	Administrative sanctioned Cost of the Intra Village distribution network in		Estimat ed Cost in Crs			
	1	LMD Karimnagar &Ramadugu segment.		23.28			
	2	Yellampally-Peddapally&Ramgundam Constituencies		131.28			
	3	MMD-Sircilla, Vemulawada&Choppadandi Constituencies		161.66			
	4	Lmadugu-Manthani and Bhupalapally constituency		168.43			
	5	SRSP-Korutla, Jagtial&Dharmapuri constituency		211.99			
	6	Godavari and Mangapet segment		86.58			
	7	LMD - Manakondur, Husnabad&Huzurabad Segment		229.75			
	8	Komaram Bheem Asifabad Segment (Asifabad, Sirpur-T, Bellampally and Khanapur (2 mandals) Assembly Constituencies)		376.61			
		Total Hard Cost		1389.58			
		Add: Interest during Construction (IDC)		120.80			
		Total Project Cost including IDC		1510.38			
	(*) The above estimate of IDC is subject to change based on actual drawl and Margin shall be brought in by the Corporation accordingly.						
Security	First pari-passu charge by way of Hypothecation of assets created out of term loan along with other member banks in the consortium.						
Margin	20% on overall project cost including interest during construction.						
Rate of Interest	10.00% Fixed Linked to 1 Year MCLR of Andhra Bank (i.e., 8.65%) + 1.35% = 10.00% P.A. subject to the condition that Rate of Interest at any time shall not be lower than Andhra Bank MCLR.						
SCOD	31.03.2019						
Repayment Schedule for Consortium Term Loan of Rs. 1208 Crs	To be repayable in 48 quarterly installments as under:						
	(Rs. In Crs)						
	Year	% of Repayment per year	Repayment per Year	No of quarters	Repayment per Quarter		
	2019-20	4.00%	48.32	4	12.08		
	2020-21	5.00%	60.40	4	15.10		
	2021-22	5.00%	60.40	4	15.10		
	2022-23	8.00%	96.64	4	24.16		
	2023-24	8.00%	96.64	4	24.16		
	2024-25	10.00%	120.80	4	30.20		
	2025-26	10.00%	120.80	4	30.20		
	2026-27	10.00%	120.80	4	30.20		
	2027-28	10.00%	120.80	4	30.20		
	2028-29	10.00%	120.80	4	30.20		
	2029-30	10.00%	120.80	4	30.20		
	2020-31	10.00%	120.80	4	30.20		
	Total	100%	1,208.00	48			
Repayment Schedule for our Share of Rs.85.00 Crs	To be repayable in 48 quarterly installments as under:						
	Rs.in Crores						
	Year	No.of Quarter	% of Repayment per year	Repayment per Year		Our TL of Repayment	
				Per Qtr	Year	Per Qtr	Year
	2019-20	4	4.00%	12.08	48.32	0.8500	3.400
	2020-21	4	5.00%	15.10	60.40	1.0625	4.250
	2021-22	4	5.00%	15.10	60.40	1.0625	4.250
	2022-23	4	8.00%	24.16	96.64	1.7000	6.800
	2023-24	4	8.00%	24.16	96.64	1.7000	6.800
	2024-25	4	10.00%	30.20	120.80	2.1250	8.500
	2025-26	4	10.00%	30.20	120.80	2.1250	8.500
	2026-27	4	10.00%	30.20	120.80	2.1250	8.500
	2027-28	4	10.00%	30.20	120.80	2.1250	8.500
	2028-29	4	10.00%	30.20	120.80	2.1250	8.500
	2029-30	4	10.00%	30.20	120.80	2.1250	8.500
	2020-31	4	10.00%	30.20	120.80	2.1250	8.500
	Total	48	100%		1208.00		85.000
Upfront Fee	0.075% of the Limit plus service tax as applicable.						
Prepayment charges	Waived						
Guarantor	Unconditional and irrevocable guarantee of the Govt. of Telangana						

Specific Terms and conditions:

1. Before release of limits, the Corporation shall submit information on assessment of water requirement of around 91% to Khammam District alone for record.
2. Before release of limits, the Corporation shall submit details of project cost variation with specific reference to increase in hard cost and decrease in IDC.
3. State Government shall approve for the proposed borrowing of Rs.1208.00 Crore, extending Government guarantee along with approval for infusion of 20% of project cost i.e.Rs.302.28 Crore as their margin before release of limits under individual documentation.
4. The Corporation shall ensure infusion of margin of 20% as their contribution from second disbursement and every disbursement thereafter.
5. The Corporation shall re-transfer disbursement amounts transferred to SBI to TRA account on the very same day of transfer. An undertaking to this effect shall be submitted.
6. The Corporation shall submit resolution under Sec 180(1) (c) of the Companies Act, 2013 fixing its borrowal limit and certificate of Statutory Auditor shall be obtained to that effect that the proposed borrowing will be within such limit.
7. The Corporation shall submit a certificate regarding date of completion of segment before documentation and the same shall be documented as DCCO.
8. The Corporation shall undertake to service the bank loans from the project revenues.
9. The Corporation shall obtain all the statutory and non statutory clearances required for implementation of the project, including environmental clearances, approvals from Central Government agencies before disbursement.
10. The Corporation shall undertake that in the event of reduction in the project cost on account of any savings on account of duties/other taxes, price negotiations or otherwise there would be a prorate reduction in all components of the means of finance.
11. The Corporation shall undertake that in case of any cost overrun in the project cost the same would be met by the Corporation without any recourse to the project lenders.
12. Actual legal expenses incurred by the Lender for documentation, filing of charges, search report etc., shall be borne by the Corporation.
13. The Corporation shall arrange for submission of Letter of commitment/Govt. order from the Finance Department, Govt. of Telangana for contributing to 20% of the project cost (including IDC) as margin and continue the same till the entire o/s with the Bank is cleared.
14. The Corporation shall submit an undertaking to the effect that the water usage for the project is and will be within the overall water allocation made to the project.
 - a. The Corporation to ensure that there are no inter-state disputes that affect the progress / implementation of the project.
 - b. The Corporation to ensure that necessary land is acquired for smooth implementation of the project.
 - c. The Corporation to ensure that project designs are approved by the competent authority.
15. The Corporation shall ensure that all necessary approvals including environmental clearances, approval from Central Government agencies etc., are obtained in force.
16. If the amount of Interest During Construction (IDC) increases due to difference in actual draw down schedule the same shall be met by the Corporation and if the IDC decreases, the loan amount will be reduced proportionately. An undertaking to this effect shall be submitted.
17. As and when Corporation avails loans from other Banks/FIs/Development Institutions, the same shall be informed to the consortium.
18. Actual legal/out of pocket expenses incurred by the Lender/s for documentation, filing of charges, search report etc., shall be borne by the Corporation.
19. The Corporation shall submit an undertaking to the effect that the water usage for the project is and will be within the overall water allocation made to the project.
20. The corporation shall submit Quarterly Physical Progress Certificate from the concerned SE/EE/Chief Engineer of the respective segments of the project funded by our consortium.

Committee Directions:

1. Limits shall be released only after achieving financial closure and execution of joint documentation.

OTHER TERMS AND CONDITIONS:

Pre-disbursement Conditions:

The limits will be released only after the terms and conditions of the sanction are accepted/acknowledged by the borrower/Guarantors. The Corporation to submit letter from the borrower/guarantors for having accepted all terms and conditions in to.

Enabling Conditions:

1. The Corporation shall submit consent letter from the applicants and all the guarantors for disclosure of their names in the defaulters' list, CIBIL Data in the event of default on the part of the borrowers, as per RBI guidelines and as communicated by our H.O. Cir No.310/26/41 Dt.15.11.2002 / HO Cir. Lr. No. 666/4 ref. 26/2 dt.02.05.2006.
2. Bank reserves its right to alter/cancel and/or modify the credit limits/loans sanctioned and/or terms and conditions stipulated without notice and without assigning any reason thereof.
3. Our Bank reserves the right to rearrange the repayment schedule and to call upon the Corporation to accelerate the payments, if the Corporation's financial position so warrants as per the opinion of the Bank.
4. The rate of interest and margins stipulated are subject to changes from time to time at the sole discretion of the Bank/as per the guidelines of Reserve Bank of India/Government of India/Indian Bankers Association etc.
5. "Any delay in repayment of the loan installments will have adverse impact on credit rating and will affect the credit history of the Borrower".

6. "Default, Fraud, Legal incompetence during the currency of the Limits, Non-Compliance of agreed terms and conditions, Non-submission of required papers for renewal of limits, Overdues in the term loans, any other Irregularities by the Borrower will enable the Bank to Recall the Loan/advance.
7. The Bank will have the right to examine at all times the Corporation's books of accounts and to have the Corporation work-sites / units inspected from time to time by Officer(s) /representative(s) of the Bank and/or qualified Auditors and/or technical experts and/or Management Consultants of the Bank's choice. Cost of such inspections shall be borne by the Corporation.
8. The Corporation will keep the Bank informed of the happening of any event likely to have substantial effect on their profit or business, with explanations and the remedial steps proposed to be taken.

Terms & Conditions applicable to Term Loan:

a. Right to accelerate the installments:-

In case of the commensurating cash flows are more than the projections given by the Corporation, bank has the right to accelerate the installments.

b. Cost over-runs:

The Corporation shall undertake to meet the cost over-runs if any out of their own resources.

Terms and Conditions applicable to Limited companies :

1. The Corporation shall submit all the necessary resolutions required for approaching the bank for the credit facilities and also availing the same.
2. The Corporation shall pass a resolution in EGM of share holders for borrowing above its share capital and free reserves, if any, under Sec.293 (1) (d) of the Corporation's act 1956 for applying and availing the limits to be sanctioned. Corporation to submit a resolution for availing the limits and execution of the loan documents.
3. The Corporation shall file charges with Registrar of Companies within 30 days of documentation and get the same registered.
4. During the currency of bank finance, the Corporation shall not, without bank's permission in writing –
 - a. Effect any change in the Corporation's capital structure.
 - d. Formulate any scheme of amalgamation.
 - c. Implement any scheme of expansion or acquire fixed assets.
 - d. Make investments/advances or deposit amounts with any other concern.
 - e. Enter into borrowing arrangements with any bank/FI/Corporation.
 - f. Undertake guarantee obligations on behalf of any other Corporation.
 - g. Declare dividends for any year except out of profits relating to that year.
 - h. Change in composition of Corporation's Board of Directors.

Compliance with all existing guidelines:

- a. All Other conditions as per Banks guidelines and circulars issued from time to time are applicable.
- b. All other terms & conditions specified in our HO booklet on "Guidelines of the Bank on (a) Loan Policy & Credit Assessment Methods, (b) delegation of powers & (c) Credit Risk Management through Cir.No.354, Ref.26/45 dated 28-11-2012, and modified from time to time are applicable.

Other terms of sanction:

1. The Corporation shall submit an undertaking that all the required dues like taxes, duties etc. shall be paid as and when they fall due.
2. Any cost escalation of the project shall be borne by the Corporation and the Corporation shall submit an undertaking to this effect.

MCLR guidelines:

1. MCLR will be applicable from the approved date and continue till the next renewal date. MCLR would be revised on renewal of working capital limits.
2. The MCLR once fixed for the working capital limit will continue to be applicable till the next renewal date irrespective of the review of MCLR during the interim period.
3. The MCLR for the Term Loan/demand loan will be reset on yearly basis. The reset will be done w.e.f the Reset Date using 'One Year MCLR' rate prevailing on the date of reset.
4. Branch to follow guidelines issued as per HO Cir.No.06, Ref.No.11/1, Dated: 01-04-2016 w.r.t. MCLR guidelines for documentation/modification.

S.P. SINGH
CHIEF SECRETARY TO GOVERNMENT &
SPECIAL CHIEF SECRETARY TO GOVERNMENT (FAC)

SECTION OFFICER